

**STATE OF HAWAII**  
**REQUEST FOR EXEMPTION FROM CHAPTER 103F, HRS**

TO: Chief Procurement Officer

FROM: DHS/SSD/SSO  
(Department/Division/Agency)

Pursuant to § 103F-101(a)(4), HRS, and Chapter 3-141, HAR, the Department requests a procurement exemption to purchase the following:

**Description of health and human services:**

DHS would like to purchase foster homes that would service children ages 0 to 3 years on 3 types of levels. These levels include medically complex foster homes; special care homes ("step-down" from the medically complex services); and interim homes (emergency shelter). In addition to foster care, individualized case management services and support are provided to each foster family. The case managers also arrange for contact and consultation with specialists in physical, occupational, and respiratory therapy, etc.

**Medically complex foster homes:** These foster homes care for children who have complex medical needs such as gastroesophageal reflux and NG tubes. These children must have two of the following conditions: prematurity; prenatal history of substance abuse; respiratory distress syndrome; cardiac issues; feeding issues; genetic defects or suspected of having genetic defects; and medical conditions due to physical abuse.

**Special Care foster homes:** Special Care foster homes will accept children who are vulnerable for medical complications or developmental delays due to drug exposure in-utero, parental history of drug use, parental history of mental illness, parents who are mentally retarded, infants who are victims of abuse or neglect, and infants who are returned to the DHS because of their behaviors. These homes will also accept infants who are ready for "step-down" care from the medically complex foster homes.

**Interim foster homes:** Interim foster homes provide temporary placements (30 days) and will be available 24 hours a day to accept intakes.

**Target group:** Children 3 years old and under, particularly children with complex medical needs that require specialized foster care and case management.

Name of Service Provider	Cost:	Term of Contract:
Catholic Charities Family Services	\$60,025.00	From: Date of Approval of Exemption
		To: 9/30/02

Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:

This problem developed due to the lack of foster homes for the target group specified above. The Department, which purchases foster homes on its own, lost existing foster homes for children age 3 years and under. During fiscal year 2002 DHS lost two of its three primary emergency shelter foster homes on Oahu licensed to care for children from 0-3 years. Caregivers retired or moved to the mainland. Each home could take up to 5 children (no more than 2 under the age of 2 years). Thus capacity decreased from a maximum of 15 to 5 children under this program on Oahu.

The Department has been unable to replace these homes in spite of a current contract for the recruitment, training, and certification of foster homes (a.k.a. PRIDE contract). The Department's current contract with Catholic Charities to provide specialized foster care and case management services to the above target group has had to turn away at least 5 eligible children every quarter and has had at least 1 child waiting to be served at the end of the quarter due to the lack of open contracted slots. The lack of appropriate foster homes results in inappropriate and failed placements, placements in more restrictive settings, and, in some cases, delayed reunification of children with their biological parents. Health and safety issues arise due to the lack of trained and monitored foster homes for these medically complex infants and toddlers. Other health and safety issues arise when the Department lacks available foster placements and is forced to over load the existing foster homes. Allegations of abuse in foster care and burn out of foster parents have increased.

These services are needed immediately. Competitive procurement will take approximately three months (see attached timetable), and the problem has become too serious to wait. Catholic Charities has staff and foster homes available to provide the range of services described above.

Details of the process or procedure to be followed in selecting the service provider to ensure maximum fair and open competition as practicable:

The Department attempted to address these needs through its existing emergency shelter home program and through a contract for the recruitment, training, and certification of foster parents (PRIDE). The Department was unable to get appropriate homes as the existing emergency shelter home has been over loaded and the PRIDE contract provider has been unsuccessful in recruiting foster homes for this age group.

The Department's foster home licensing staff issues licenses to agencies that are eligible to be Child Placing Organizations (CPOs). CPOs can recruit and license their own foster homes, which may be available in programs that serve DHS clients. DHS POS staff contacted all 6 current CPOs that serve Oahu to see if any of them were interested and able to provide foster care and case management services starting as early as 7/15/02 to children ages 0-3 years. Catholic Charities was the only CPO that indicated it would develop a program to meet the Department's needs. DHS found Catholic Charities' proposal acceptable.

A description of the state agency's internal controls and approval requirements for the exempted procurement:

See attached.

P.E.H. Number 03-05

A list of state agency personnel, by position title, who will be involved in the approval process and administration of the contract:

Trisha Chung, POS Program Specialist  
Dave Boerner, POS Supervisor

Direct questions to:

Phone Number:

Trisha Chung

586-5748

This exemption should be considered for list of exemptions attached to Chapter 3-141, HAR:

Yes ☐

No ☒

I certify that the information provided above is to the best of my knowledge, true and correct.

Elizabeth Kent  
Department/Agency Head

JUL 18 2002  
Date

Chief Procurement Officer's Comments:

Please ensure adherence to applicable administrative requirements.

☒ Approved

☐ Denied

Adam D. Ferguson  
Chief Procurement Officer

7/19/02  
Date

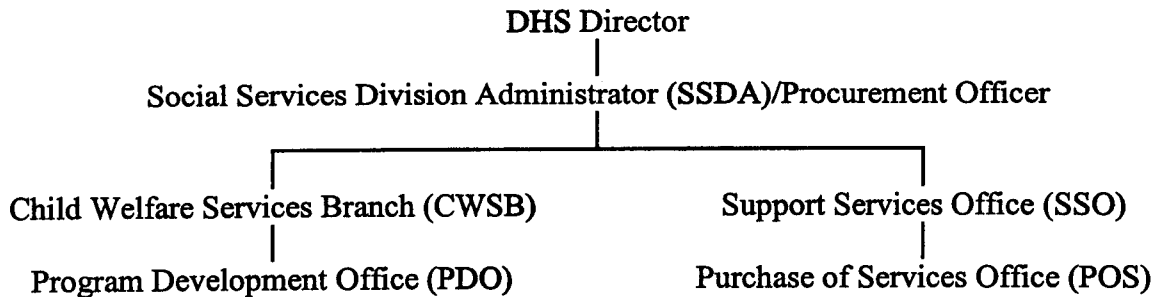
cc: Administrator  
State Procurement Office

P.E.H. Number 03-05

# INTERNAL CONTROLS & APPROVAL REQUIREMENTS FOR EXEMPT POS

7/3/02

## ORGANIZATIONAL CHART:



## GENERAL PROCESS:

The DHS Director has designated the Social Services Division Administrator (SSDA) as the procurement officer for the purchase of health and human services, including child welfare services, for the Social Services Division. The Program Development Office (PDO) and the Child Welfare Services Branch Administrator (CWSBA) identify the need to purchase services through information provided by advisory groups, social work staff, and other requests for information. These are services that are necessary for the protection and care of children who have been abused or neglected or threatened with such abuse or neglect per the Department's mandates under §346-14(2) and §587, HRS. SSDA gives approval to proceed with the purchase of services.

Once the need to purchase services has been determined and approved, CWSBA and PDO determine service specifications as well as funding needs and sources and the start date and term of the services. SSDA must approve the recommendations. In consultation with the Department's Fiscal Management Office/Property and Procurement Staff and with the State Procurement Office as necessary, POS staff determines the most appropriate procurement method or recommends that the Department request an exemption from procurement. Recommendations and requests for exemptions are drafted by POS staff and reviewed and approved by the POS Supervisor, the Support Services Office Administrator, SSDA, and the Director.

## EXEMPTED PROCUREMENT FOR ZERO-TO-THREE EMERGENCY SHELTER CARE FOSTER HOMES:

CWSBA and PDO staff determined the following from information provided by social work and licensing staff and from POS staff:

- During fiscal year 2002 DHS lost two of its three primary emergency shelter foster homes on Oahu licensed to care for children from 0-3 years. Caregivers retired or moved to the

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## **INTERNAL CONTROLS & APPROVAL REQUIREMENTS FOR EXEMPT POS (cont.)**

mainland. Each home could take up to 5 children (no more than 2 under the age of 2 years). Thus, capacity decreased from a maximum of 15 to 5 children under this program on Oahu.

- Attempts to replace these homes through a DHS contract for the recruitment, training, and certification of foster homes throughout FY02 have been unsuccessful.
- An existing DHS contract to provide case management and foster care services for children on Oahu with complex medical needs has had to turn away at least 5 referrals from social workers per quarter during FY02. Until recently there has not been funding available to purchase additional foster home and case management services to alleviate this problem.
- A survey of agencies licensed by DHS as child placing organizations (CPOs) on Oahu that can recruit, train, and license foster homes and place children in these homes indicates that only Catholic Charities has the infrastructure in terms of staff and existing foster homes to provide foster care and case management services immediately (i.e., starting as early as 7/15/02) to children from 0-3 years, including children with complex medical needs. All other CPOs on Oahu contacted by POS staff indicated they were either unwilling or unable to provide the requested foster care and case management services as early as 7/15/02.
- CWSBA has recently identified \$288,116 in federal funds that can be used to purchase these services. SSDA and the DHS Director support this use of the federal funds. DHS anticipates that these funds will be available on an ongoing basis. These are funds that have been block granted to Hawaii under the Temporary Assistance to Needy Families (TANF) Program. The federal government has allowed Hawaii to use some of these funds for social services under the provisions of Title XX of the Social Security Act.
- PDO requested a proposal from Catholic Charities for providing the needed foster care and case management services. PDO found the proposed services and the cost acceptable and recommended this model to CWSBA and SSDA.
- SSDA approved the model, and given the urgent need, directed POS to purchase these services from Catholic Charities as soon as possible.
- SSDA has approved a recommendation by POS to request an exemption to purchase these services as soon as possible and at the same time do a competitive procurement for these services with the contract effective 10/1/02 and terminating as of 6/30/05.

## Procurement Timetable for Contracts Starting 10/1/02

Activity	Scheduled Date
Public notice announcing RFP	07/22/02
Distribution of RFP	07/22/02
RFP orientation session	08/01/02
Closing date for receipt of questions for written responses	08/05/02
State purchasing agency's response to applicants' questions	08/07/02
Discussions with applicant prior to proposal submittal deadline (optional)	As Needed
Proposal submittal deadline	08/19/02
Discussions with applicant after proposal submittal deadline (optional)	At DHS Option
Final revised proposals (optional)	As Needed
Proposal evaluation period	08/19/02-08/28/02
Notice of statement of findings and decisions	08/30/02
Contract signed by provider	09/09/02
Contract approved by Dept. of Attorney General	09/23/02
Contract signed by DHS	9/27/02
Contract start date	10/01/02